



Press Release

For release at noon, November 16, 2021

Bank Earnings, Third Quarter 2021

Domestic banks preliminarily reported net income of KRW4.6 trillion for the third quarter of 2021, up KRW1.1 trillion from KRW3.5 trillion a year earlier. When it came to income, interest income expanded KRW1.3 trillion while non-interest income and non-operating income decreased by KRW0.6 trillion and KRW0.1 trillion, respectively, from the 12 months prior. Meanwhile, as for expense, loan loss expenses decreased KRW1.1 trillion in particular. Selling and administrative expenses, however, grew KRW0.2 trillion year on year.

Table 1. Net Income, Third Quarter 2021*

| | 2020 | | | | (In trillions of KRW) 2021 | | |
|---------------------|-------|------|-------------|-------|-------------------------------|-----|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Total | 3.2 | 3.6 | 3.5 | 1.8 | 5.6 | 5.4 | 4.6 |
| (except KDB) | 3.6 | 2.8 | 3.4 | 1.8 | 4.1 | 4.5 | 4.3 |
| Commercial banks | 2.6 | 2.1 | 2.5 | 1.5 | 2.9 | 3.2 | 3.2 |
| National banks | 2.3 | 1.9 | 2.2 | 1.3 | 2.5 | 2.7 | 2.7 |
| Regional banks | 0.3 | 0.3 | 0.3 | 0.2 | 0.3 | 0.4 | 0.4 |
| Internet-only banks | -0.01 | 0.01 | 0.02 | -0.01 | 0.03 | 0.1 | 0.1 |
| Specialized banks | 0.6 | 1.5 | 1.0 | 0.3 | 2.7 | 2.2 | 1.4 |
| (except KDB) | 1.0 | 0.7 | 0.9 | 0.3 | 1.3 | 1.3 | 1.1 |

*The figures on Q3 2021 are preliminary as of the release date and subject to change.

Return on Assets and Return on Equity

Return on assets (ROA) for the July-to-September period of 2021 stood at 0.56%, up 0.09%p from 0.47% a year ago. In addition, return on equity (ROE) for the same period was seen at 7.36%, up 1.07%p from 6.29% a year earlier.

Interest Income

The domestic banks' preliminary interest income for the third quarter of 2021 totaled KRW11.6 trillion, KRW1.3 trillion greater than in the previous year. In particular, net interest margin (NIM) stood at 1.44%, up 0.04%p from the same period a year earlier.



Table 2. ROA and ROE, Third Quarter 2021*

(In percentage)

| | 2020 | | | | 2021 | | |
|-------------------|------|------|-------------|------|-------|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| ROA | 0.47 | 0.50 | 0.47 | 0.24 | 0.75 | 0.70 | 0.56 |
| (except KDB) | 0.57 | 0.43 | 0.50 | 0.26 | 0.60 | 0.63 | 0.59 |
| Commercial banks | 0.58 | 0.46 | 0.53 | 0.31 | 0.59 | 0.65 | 0.62 |
| Specialized banks | 0.26 | 0.56 | 0.36 | 0.12 | 1.03 | 0.79 | 0.47 |
| (except KDB) | 0.56 | 0.35 | 0.44 | 0.15 | 0.63 | 0.60 | 0.52 |
| ROE | 6.23 | 6.81 | 6.29 | 3.22 | 9.91 | 9.19 | 7.36 |
| (except KDB) | 7.98 | 6.09 | 7.02 | 3.64 | 8.54 | 9.06 | 8.31 |
| Commercial banks | 8.07 | 6.60 | 7.46 | 4.36 | 8.48 | 9.35 | 8.85 |
| Specialized banks | 3.22 | 7.16 | 4.47 | 1.48 | 12.04 | 8.96 | 5.27 |
| (except KDB) | 7.76 | 4.92 | 6.00 | 2.02 | 8.70 | 8.39 | 7.07 |

*The figures on Q3 2021 are preliminary as of the release date and subject to change.

Table 3. Interest Income, Third Quarter 2021*

(In trillions of KRW, percentage)

| | 2020 | | | | 2021 | | |
|---------------------|------|------|-------------|------|------|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Interest income | 10.1 | 10.3 | 10.4 | 10.5 | 10.8 | 11.3 | 11.6 |
| (except KDB) | 9.8 | 10.0 | 10.0 | 10.1 | 10.4 | 10.9 | 11.2 |
| NIM | 1.47 | 1.42 | 1.40 | 1.38 | 1.43 | 1.45 | 1.44 |
| (except KDB) | 1.54 | 1.49 | 1.47 | 1.44 | 1.49 | 1.51 | 1.50 |
| Loan-deposit margin | 1.84 | 1.81 | 1.76 | 1.72 | 1.78 | 1.80 | 1.80 |

*The figures on Q3 2021 are preliminary as of the release date and subject to change.

Non-interest Income

Non-interest income came in at KRW1.2 trillion in the third quarter of 2021, down KRW0.6 trillion or 34.1% year on year. To go into detail, FX/derivatives income decreased KRW0.5 trillion from a year ago. Furthermore, securities income and other non-interest income shrank KRW0.1 trillion, respectively, compared to the previous year. Service fees/commissions fell by KRW0.03 trillion as well.

Loan Loss Expenses

The aggregate loan loss expenses—defined as the sum of (1) provisions for loan losses and (2) regulatory adjustment to provision for loan losses (the difference between regulatory minimum and IFRS-based provision)—in the three months to September 2021 decreased by KRW1.1 trillion to KRW0.3 trillion. In particular, the domestic banks have preemptively expanded provisions for bad debts in the wake of the coronavirus pandemic. This contributed to year-on-year decrease in the aggregate loan loss expenses.



Table 4. Non-interest income, Third Quarter 2021¹

(In trillions of KRW)

| | 2020 | | | | 2021 | | |
|-------------------------------------|-------|------|-------------|------|------|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Non-interest income (except KDB) | 1.7 | 1.9 | 1.8 | 1.9 | 2.5 | 2.5 | 1.2 |
| Service fees/commissions | 1.3 | 1.3 | 1.3 | 1.2 | 1.4 | 1.4 | 1.3 |
| Trust service income | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Securities income | 0.8 | 1.0 | 0.6 | 0.3 | 0.6 | 0.5 | 0.5 |
| Trading gains | 0.4 | 0.5 | 0.4 | 0.1 | 0.2 | 0.1 | 0.03 |
| Valuation gains | -0.01 | 0.3 | 0.1 | 0.01 | 0.1 | 0.2 | 0.2 |
| FX-derivatives income | 0.6 | 0.7 | 0.6 | 0.8 | 0.3 | 0.5 | 0.2 |
| Others ² (except KDB) | -1.2 | -1.3 | -1.1 | -0.7 | -0.2 | -0.3 | -1.2 |
| | -1.2 | -1.2 | -1.1 | -1.1 | -1.2 | -1.3 | -1.2 |

¹The figures on Q3 2021 are preliminary as of the release date and subject to change.

²Contributions to KODIT, deposit insurance premium and other financial assets-related revenues to be included

Table 5. Loan Loss Expenses, Third Quarter 2021^{*}

(In trillions of KRW)

| | 2020 | | | | 2021 | | |
|------------------------------------|------|-----|------------|-----|------|-----|------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Loan loss expenses (except KDB) | 1.0 | 2.4 | 1.5 | 2.4 | 0.6 | 1.5 | 0.3 |
| Commercial banks | 0.5 | 1.3 | 0.7 | 0.6 | 0.4 | 0.2 | 0.2 |
| Specialized banks (except KDB) | 0.5 | 1.1 | 0.8 | 1.7 | 0.2 | 1.2 | 0.1 |
| | 0.4 | 1.0 | 0.6 | 0.9 | 0.3 | 0.3 | 0.3 |

^{*}The figures on Q3 2021 are preliminary as of the release date and subject to change.

Table 6. Summary Income Statement, Third Quarter 2021^{*}

(In trillions of KRW)

| | 2020 | | | | 2021 | | |
|---|------|------|-------------|------|------|------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Interest income | 10.1 | 10.3 | 10.4 | 10.5 | 10.8 | 11.3 | 11.6 |
| Interest revenue | 17.8 | 17.3 | 16.3 | 15.9 | 15.6 | 16.0 | 16.5 |
| Interest expense | 7.8 | 7.0 | 5.9 | 5.4 | 4.8 | 4.7 | 4.9 |
| Non-interest income | 1.7 | 1.9 | 1.8 | 1.9 | 2.5 | 2.5 | 1.2 |
| Service fees/commissions | 1.3 | 1.3 | 1.3 | 1.2 | 1.4 | 1.4 | 1.3 |
| Trust service income | 0.3 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 | 0.3 |
| Securities-related income | 0.8 | 1.0 | 0.6 | 0.3 | 0.6 | 0.5 | 0.5 |
| Securities trading | 0.4 | 0.5 | 0.4 | 0.1 | 0.2 | 0.1 | 0.0 |
| Valuation gains | -0.0 | 0.3 | 0.1 | 0.03 | 0.1 | 0.2 | 0.2 |
| Dividend income | 0.3 | 0.2 | 0.1 | 0.2 | 0.4 | 0.2 | 0.3 |
| FX-derivatives income | 0.6 | 0.7 | 0.6 | 0.8 | 0.3 | 0.5 | 0.2 |
| Other non-interest incomes | -1.2 | -1.3 | -1.1 | -0.7 | -0.2 | -0.3 | -1.2 |
| Total income | 11.8 | 12.2 | 12.1 | 12.4 | 13.3 | 13.8 | 12.8 |
| Selling and administrative expenses | 5.6 | 5.6 | 5.7 | 7.2 | 5.7 | 5.8 | 5.9 |
| Operating income before provision for loan losses | 6.1 | 6.6 | 6.4 | 5.2 | 7.6 | 8.0 | 6.9 |
| Provision for loan losses | 1.0 | 2.4 | 1.5 | 2.4 | 0.6 | 1.5 | 0.3 |
| Operating income | 5.1 | 4.3 | 5.0 | 2.8 | 7.0 | 6.5 | 6.5 |
| Non-operating income | -0.8 | 0.6 | -0.3 | -0.5 | 0.4 | 0.7 | -0.4 |
| Income tax | 1.1 | 1.3 | 1.2 | 0.5 | 1.8 | 1.7 | 1.6 |
| Net income under K-IFRS | 3.2 | 3.6 | 3.5 | 1.8 | 5.6 | 5.4 | 4.6 |

^{*}The figures on Q3 2021 are preliminary as of the release date and subject to change.



Table 7. Summary Income Statement Except KDB, First Quarter 2021*

(In trillions of KRW)

| | 2020 | | | | 2021 | | |
|---|-------|------|-------------|------|------|-------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| Interest income | 9.8 | 10.0 | 10.0 | 10.1 | 10.4 | 10.9 | 11.2 |
| Interest revenue | 16.7 | 16.1 | 15.2 | 14.8 | 14.6 | 15.0 | 15.5 |
| Interest expense | 6.9 | 6.1 | 5.2 | 4.7 | 4.2 | 4.1 | 4.3 |
| Non-interest income | 1.4 | 1.7 | 1.5 | 1.4 | 1.3 | 1.4 | 1.0 |
| Service fees/commissions | 1.2 | 1.3 | 1.3 | 1.2 | 1.3 | 1.3 | 1.2 |
| Trust service income | 0.3 | 0.2 | 0.2 | 0.3 | 0.3 | 0.3 | 0.3 |
| Securities-related income | 0.6 | 0.8 | 0.5 | 0.3 | 0.5 | 0.5 | 0.4 |
| Securities trading | 0.4 | 0.4 | 0.3 | 0.1 | 0.2 | 0.1 | 0.01 |
| Valuation gains | 0.006 | 0.31 | 0.1 | 0.05 | 0.1 | 0.2 | 0.1 |
| Dividend income | 0.2 | 0.1 | 0.1 | 0.1 | 0.2 | 0.2 | 0.2 |
| FX-derivatives income | 0.5 | 0.6 | 0.6 | 0.8 | 0.4 | 0.5 | 0.2 |
| Other non-interest incomes | -1.2 | -1.2 | -1.1 | -1.1 | -1.2 | -1.3 | -1.2 |
| Total income | 11.2 | 11.7 | 11.5 | 11.5 | 11.7 | 12.3 | 12.2 |
| Selling and administrative expenses | 5.4 | 5.4 | 5.5 | 7.0 | 5.5 | 5.6 | 5.7 |
| Operating income before provision for loan losses | 5.8 | 6.3 | 6.0 | 4.6 | 6.2 | 6.7 | 6.5 |
| Provision for loan losses | 0.8 | 2.3 | 1.3 | 1.5 | 0.6 | 0.6 | 0.5 |
| Operating income | 4.9 | 4.0 | 4.8 | 3.0 | 5.6 | 6.1 | 6.0 |
| Non-operating income | -0.1 | -0.1 | -0.2 | -0.7 | -0.1 | -0.05 | -0.1 |
| Income tax | 1.2 | 1.0 | 1.2 | 0.5 | 1.4 | 1.5 | 1.5 |
| Net income under K-IFRS | 3.6 | 2.8 | 3.4 | 1.8 | 4.1 | 4.5 | 4.3 |

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